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To: House Appropriations Committee  
From: Erik Sartorius, Executive Director  
Date: February 4, 2021  
RE: Testimony in support of HB 2195

Mr. Chairman and members of the committee, the League of Kansas Municipalities appreciates the opportunity to offer testimony in support of House Bill 2195. This legislation would hold employers harmless for fraudulent claims filed under the unemployment system between March 2020 and December 2022.

Unemployment claims exploded in Kansas last spring as the pandemic took hold. Such a deluge, unfortunately, causes bad actors to see such occurrences as points of opportunity. As they have done across the country, people and sometimes very sophisticated organizations have made thousands of fraudulent claims with the Kansas Department of Labor, hoping even a fraction of their claims would slip through the system.

With 625 cities in Kansas who are employers, this bill is important for our members. Our office has been inundated with calls and our listservs filled with inquiries and frustration about fraudulent unemployment insurance claims. With 113 Kansas cities having a population of less than 100, they do not possess sophisticated departments to handle these claims. They are very concerned about the potential impact on their budgets. More importantly, they have spent much of their time supporting employees and helping them check to see the extent to which their identity and other accounts have been compromised.

The unemployment insurance trust fund has been significantly depleted by legitimate unemployment claims. Employers know that the time is coming where additional charges will be necessary to rebuild the trust fund. Cities and other employers, however, should not be held responsible for fraudulent claims that were paid out by the Department of Labor, especially when the employer and employee have reached out to report the fraud and payments were still made.

We urge the committee to pass House Bill 2195 to give employers certainty that at least one aspect of the unemployment insurance challenges will have been addressed.